

Third quarter sales of 22.7 €m

The Bigben Interactive Group achieved sales of €UR 22.69 million for the third quarter ended 31 December 2005, down by 61.6% compared to the third quarter of previous FY 2004/2005 in the new scope of consolidation (excluding BBI UK). Consolidated sales for the first nine months reached € 54.26 million, a 46.8% reduction compared to the same period in the previous FY 2004/2005.

The former scope of consolidation included the British subsidiary Bigben Interactive UK (BBI UK) put under Administration at the beginning of the period under review.

in €m	Former scope			New scope *		
	2004/2005	2005/2006	Change	2004/2005	2005/2006	Change
Sales						
1 st quarter **	28.41	13.96	-50.9 %	26.10	13.96	-46.5%
2 nd quarter	25.38	17.61	- 30.6 %	22.87	17.61	-23.0%
3 rd quarter **	59.90	22.69	-62.1 %	53.03	22.69	-57.2 %
Total 9 months	113.69	54.26	- 52.3 %	102.00	54.26	-46.8%

(*) new scope of consolidation excluding BBI UK

(**) The quarterly sales figures for the 1st and 3rd quarters have been restated in order to deduct provisional year end retro discounts for these periods in order to give a better view of the Group business. Sales net of retro-discounts for this current financial year as well as for the previous year have been restated according to management reporting figures and have not been reviewed as such by Group auditors.

Whilst the video game console market was generally mitigated in the third quarter, the boom in the new handheld console hardware (PSP by Sony and DS by Nintendo) could not entirely offset the slump affecting home console hardware (PS2, Xbox and GameCube) which is now in a transition period. The expected recovery with the new generation console hardware has not yet arrived in spite of the Xbox 360 launch which nevertheless represents a real technological breakthrough. The difficulties experienced by Microsoft, its manufacturer, in delivering significant volumes for Christmas 2005 and delayed consumer purchases linked to the expected launch of other new generation hardware (Revolution by Nintendo and Playstation 3 by Sony, the replacement for the best selling hardware of the last generation) did not allow for the rise of the new product cycle.

Despite such market conditions, the BIGBEN INTERACTIVE accessory range covering all formats still registered sustained sales to end consumers. However, while negotiating a debt restructuring agreement with its financial partners, BIGBEN INTERACTIVE experienced persisting cash constraints which did not allow for adequate supplies in order to meet high customer demand with actual deliveries being below orders received. Hence Group allocation of resources was concentrated on the core business and notably on accessories i.e. its most profitable business, to the detriment of other businesses and therefore could not avoid further receding sales.



The execution of the final debt restructuring and equity agreement on 14 January and the meeting of the conditions precedent to the drawdown of the New Money facility end of January 2006 will not have had any impact on the Christmas 2005 business.

In France, non exclusive distribution has deteriorated further with its relative share of current sales now close to that of the historical “watches & gifts” business segment. The Group once again focussed its efforts on accessories and managed to limit the overall reduction in quarterly sales in this territory to 54.2%.

Outside France, Bigben Interactive sales have been concentrated on the Group core businesses and have registered a 68.0 % reduction in the third quarter of current FY (-57.2% in the new scope excluding BBI UK) compared to the same period of previous FY. This was due to the close down of the British subsidiary, the change in the scope of activity in the Benelux and the withdrawal from exclusive software distribution in Germany. 48.6% of Group sales were made outside France during this quarter.

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Outlook

The 4th quarter will be in line with the 3rd quarter with low sales due to the time required for the implementation of the credit facilities, for the restoration of suppliers’ credit and the restart of commercial activity especially in the non exclusive distribution segment in France. Consequently the Group now expects annual sales around 65 €m. for FY 2005-06.

On the other hand, the Group should see a return to growth by the 1st quarter of FY 2006/07. In addition to various commercial developments in France and in export markets, the launch of the “David Douillet Judo” simulation software should evidence this renewal by spring 2006.

Finally the development of new technology products is progressing according to plan especially the range of high-tech peripherals for the PSP handheld hardware, the content of which will be revealed in the next months.

A major player in the distribution of video game software and a leading independent distributor and manufacturer of video game console peripherals, BIGBEN INTERACTIVE offers a complete distribution solution for developers, publishers and accessory manufacturers in Continental Europe (France, Germany and Benelux).

BIGBEN INTERACTIVE

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